



Suspicious Transaction Reporting: Overview & Statistics

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Financial Intelligence and Investigation Bureau



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Agenda

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Role in AML/CFT

02

STR Mechanism

03

STR Statistics

04

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Risk Indicators

06

STR Reporting

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STR Case Examples

Role in AML/CFT



THE
LAW SOCIETY
OF HONG KONG
香港律師會



Functions provided by lawyers

- **Buying /selling property**
- **Complex legal arrangements**
- **Financial transactions**
- **Financial and tax advice**

Role in AML/CFT

“Practice Direction P”

[for use by law firms, solicitors and foreign lawyers practicing in HK]

Failing to comply may::

- Face disciplinary action
- Loss of reputation

Mandatory Requirements

1. Client identification and verification



2. Customer Due Diligence (CDD)
“high risk”?



3. Record Keeping



4. Staff Awareness and Training



01

Role in AML/CFT

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Role in AML/CFT

Money Laundering Typologies identified by FATF

01

MISUSE OF CLIENT ACCOUNT

Funding received from “client” without underlying legal services to be provided

02

PROPERTY PURCHASES

03

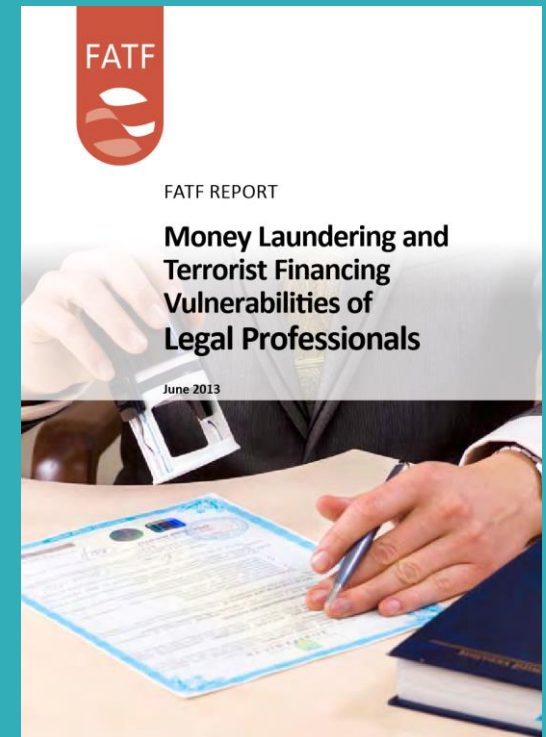
CREATION / MANAGEMENT OF (SHELL) COMPANIES

04

CREATION / MANAGEMENT OF AND TRUST

05

BUYING AND SELLING OF BUSINESSES



01

Role in
AML/CFT

02

香港警務處版權所有

03

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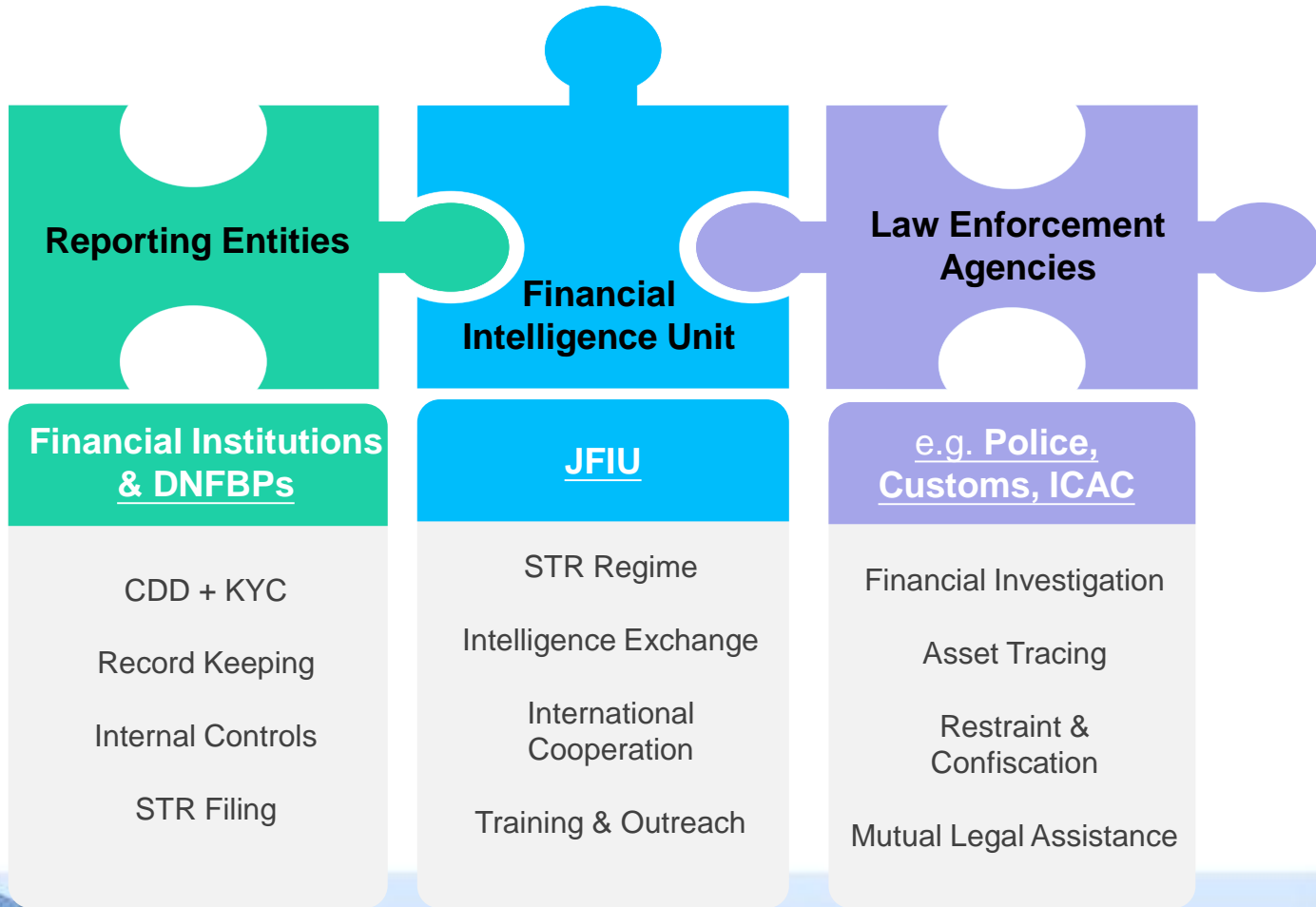
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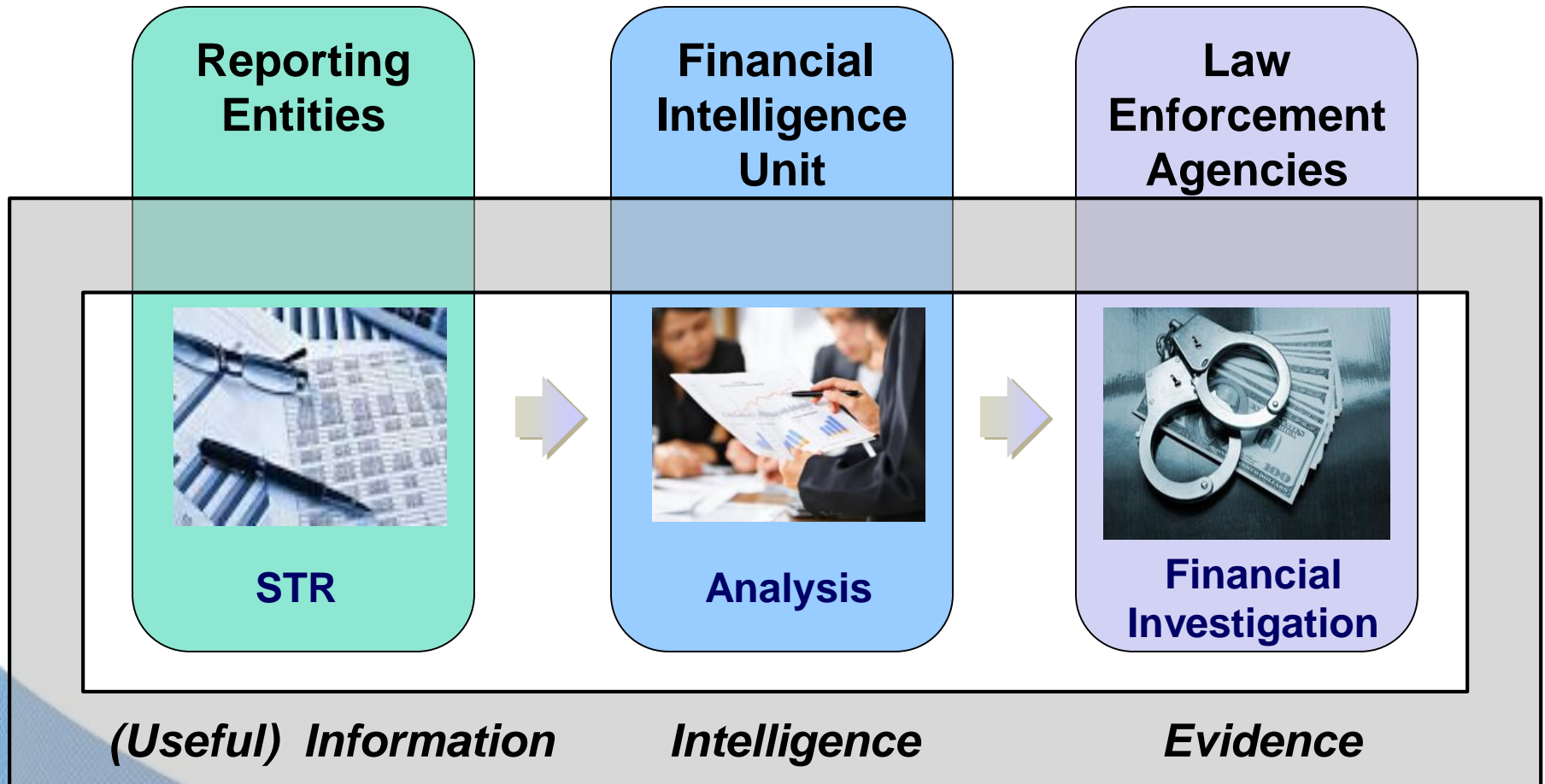
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STR Mechanism

Public-Private Partnership (PPP)

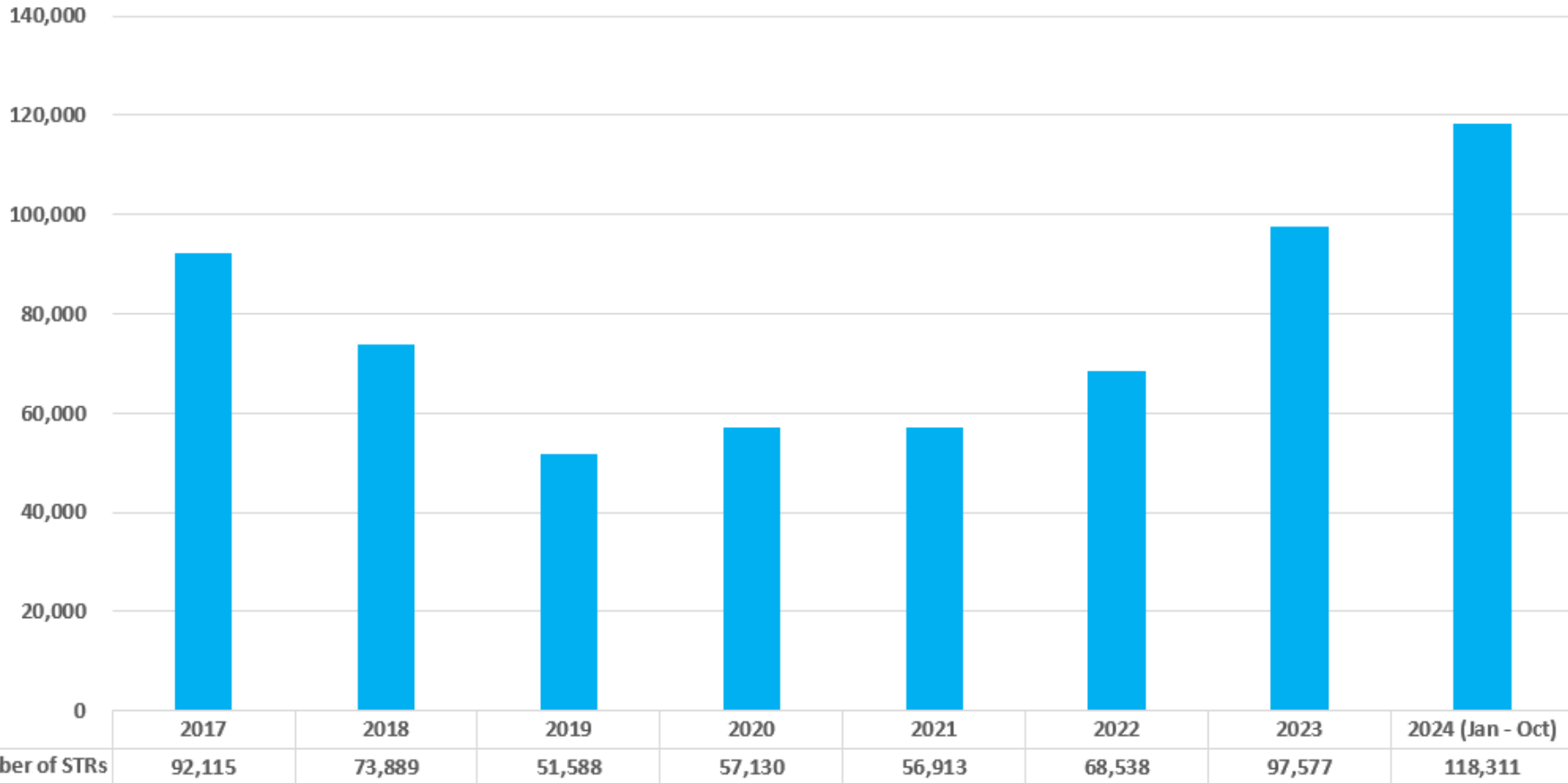


STR Mechanism



STR Statistics

Number of STRs Since 2017



STR Observation

Breakdown of STRs filed by different sectors in 2023

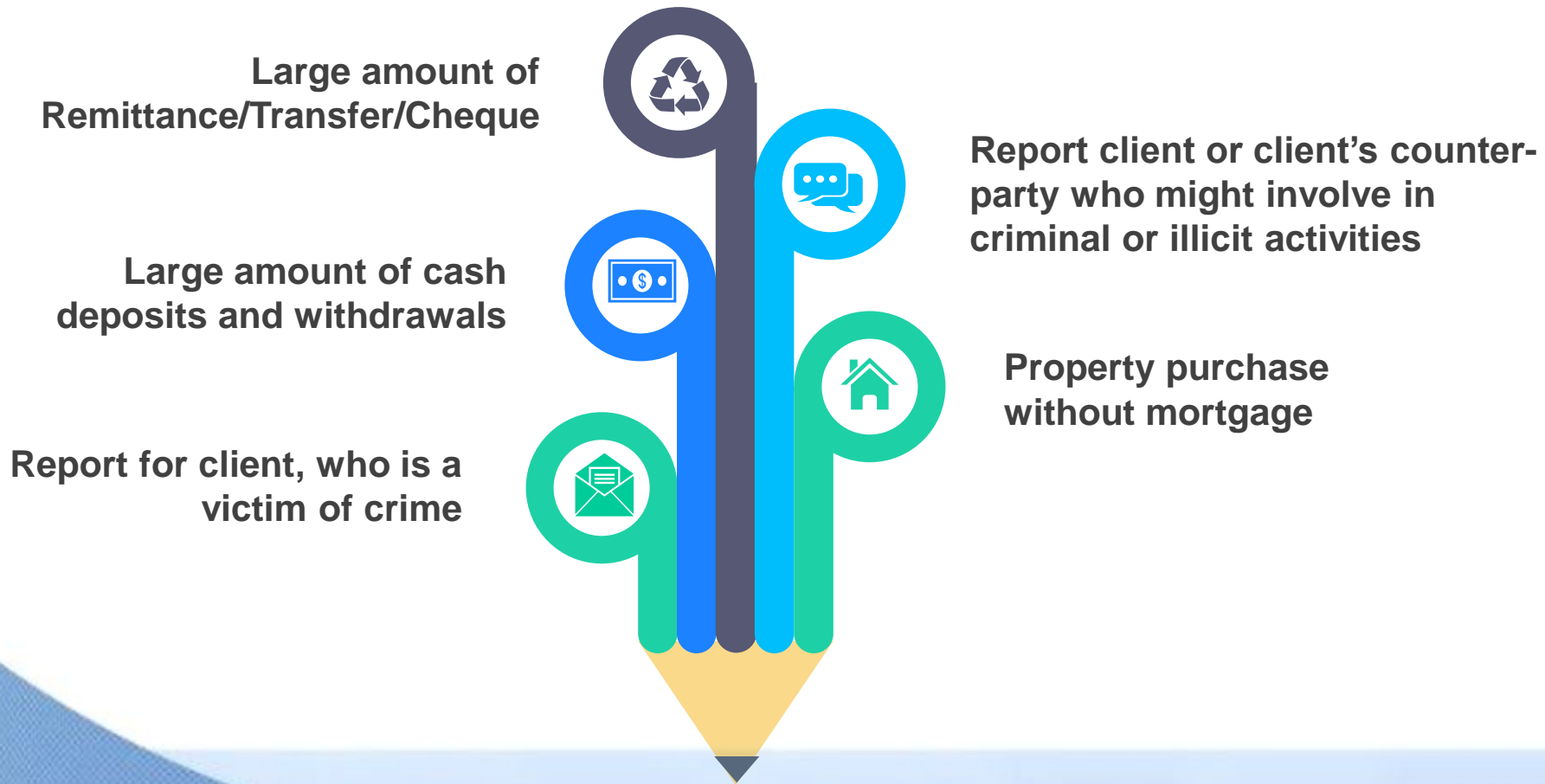
Sector	No. of STRs received in 2023	Percentage (%)
Banks	84,781	86.89
Insurance Companies	1,327	1.36
Securities Firms	553	0.57
Virtual Asset Trading Platforms	5	0.01
Money Service Operators	2,407	2.47
Money Lenders	492	0.50
Stored Value Facilities Licensees	6,501	6.66
Estate Agencies	79	0.08
Dealers in Precious Metals & Stones	14	0.01
Legal Professionals	677	0.69
Accounting Professionals	10	0.01
Trust and Company Service Providers	161	0.16
Others	570	0.58
Total	97,577	100

STR Observation

No. of STRs	2017	2018	2019	2020	2021	2022	2023	2024 (Jan-Oct)
Annual Total	92,115	73,889	51,588	57,130	56,913	68,538	97,577	118,311
Filed by Legal sector	555	416	810	807	597	681	677	940
% of STR filed by Legal Sector	0.60%	0.56%	1.57%	1.41%	1.05%	1.00%	0.69%	0.79%

STR Observation

Common Scenarios filed by Legal Sectors



Risk Indicators



Client

- **Individuals:**

Age / Occupation / Reported Salary /
History of business ? Non-resident /
Corporate from high-risk country?

- **Corporate:**

Incorporation date / Business nature /
Expected turnover? Complex corporate
structure (obscuring ultimate beneficial
ownership)?

Risk Indicators

Transaction



Payment from 3rd party / cashier order?



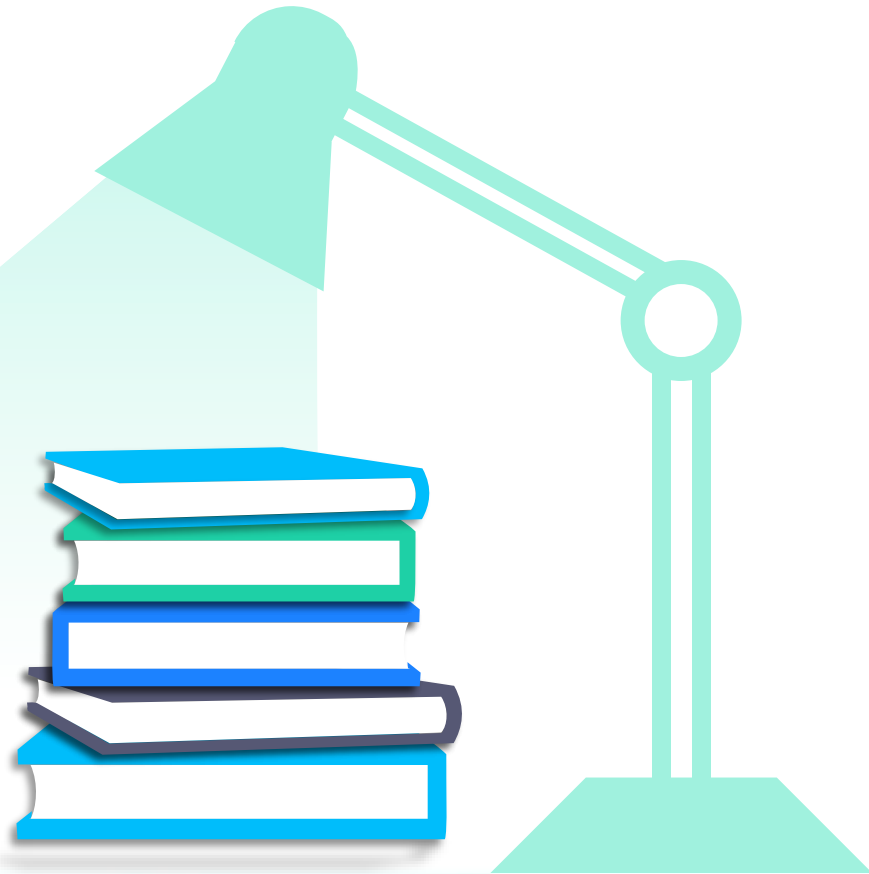
Unusual high/ low payment for a property?



Unexpected amount of transactions / Suspicious patterns?



Transaction with unrelated parties / jurisdiction?



Risk Indicators

Previous Records/ Further Enquiries

- Background check / open source (*adverse news*)
- Failing to disclose specific role / relationship / ownership of property
- Unwilling to response to questions or answers are not convincing
- Unwilling to provide supporting document



Risk Indicators

Evaluation



01

Information from client is incommensurate with your record in hand?

02

Information from client could not be verified?

03

The client appeared to be a stooge in the transaction?

01

02

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Risk
Indicators

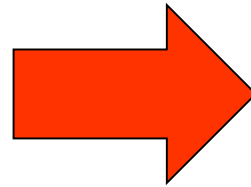
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STR Reporting

**IF IN
DOUBT,
LEAVE
IT OUT!**



STR

STR Reporting

JFIU website

<https://www.jfiu.gov.hk/en/>

The screenshot shows the JFIU website homepage. At the top, there are logos for the Government of the Hong Kong Special Administrative Region and the JFIU. The header includes navigation links for 'GovHK 香港政府一站通', '繁體版', '简体版', and 'Text Version'. There is a search bar and a 'SITEMAP' link. The main content area features a large banner for the 'Financial Intelligence and Investigation Bureau Project "AccFencers" Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Slogan Design Competition 2021'. Below the banner, there is a welcome message and a list of services. The footer includes logos for the Hong Kong Police Force and the Customs & Excise Department.

Joint Financial Intelligence Unit

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W3C WAI-AA WCAG 2.0

2019 聯合財富情報組年報
2019 Joint Financial Intelligence Unit Annual Report

Hong Kong Police Force

Customs & Excise Department

Welcome to the web site of the Joint Financial Intelligence Unit (JFIU) web site. The web site is designed to provide members of the public in Hong Kong, especially the financial institutions (FIs) including banks, securities and insurance companies, money service operators, money lenders and stored values facility licensees, and the designated non-financial businesses and professions (DNFBP) including legal and accounting professionals, estate agents, trust or company service providers and precious metal and stone dealers, a greater understanding of the laws on money laundering and terrorist financing, and the need to make reports about suspicious transactions.

We hope that any questions which you may have can be answered in the following pages. However, if you need any further information, please feel free to contact JFIU staff. Details of how to contact us can be found in the section [Contact Us](#).

STR Reporting

JFIU
website

<https://www.jfiu.gov.hk/en/>

The screenshot shows the JFIU website interface. At the top, it displays the Joint Financial Intelligence Unit logo and name, along with the text 'The Government of the Hong Kong Special Administrative Region'. There are also language options (繁體版, 简体版, Text Version), a search bar, and a 'HONG KONG' logo. The main navigation menu on the left includes: Home, About JFIU, News, Legislation, **Suspicious Transaction Report** (circled in red), Status, Typologies, Publications, E-STR Submission/ Secure Area Login, Feedback, Seminars, Links, **FAQs** (circled in yellow), and Contact us. The main content area is titled 'HOME' and features the heading 'How to identify a Suspicion?'. Below this heading is a list of links: 'How to identify a Suspicion?', 'When to submit an STR?', 'How to submit an STR?', 'What to Report in an STR?', and 'Download' (circled in yellow). At the bottom of the page, there is a copyright notice '2023 © | Important Notices' and a revision date 'Last revised: Nov 2023'. A 'W3C WAI-AA WCAG 2.0' logo is also visible in the bottom left corner of the page content.

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STR
Reporting

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STR Reporting

How to submit an STR?

Suspicious Transaction Report And Management System (STREAMS)

Suspicious transaction reports can be made in one of the following ways:



- by e-reporting system, STREAMS
- by email to jfiu@police.gov.hk



- by fax to : (852) 2529 4013



- by mail, addressed to Joint Financial Intelligence Unit, GPO Box 6555 Hong Kong



- by telephone (852) 2866 3366 (for urgent reports during office hours)



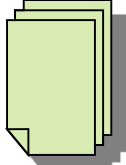
If you want to file STR via STREAMS, you have to complete **the application form** and return to JFIU either by fax (2529 4013) or email (jfiu@police.gov.hk). If you need any further information, please feel free to contact JFIU staff.

Case Example (1)

Services for witnessing the signatures of the parties in respect of purchase contracts



Mr. A



Mr. B



Law Firm

CDD/KYC

- Both parties at their 30s w/o known business
- Isolated purchase w/o business background

Payment Method

- Purchase to be settled in cash



Joint Financial Intelligence Unit



Funds originated from **Deception case(s)**



Analysis and referral



Detection of the deception and money laundering scheme

Case Example (2)

On.cc 東網

港澳版 > 新聞 > 港澳

假冒名城業主賣樓呃錢 兩漢分囚3年半及4年

2018年05月24日(四) 17:08

Tweet 分享

2021年10月19日 (二) 28°C

繁體 简体

爆料

視頻

電子報·刊物

即時新聞

港澳 兩岸 國際 評論 產經

Money

波 馬 經

NET 時代

東方日報網頁

播樓18

大圍名城

名城假業主案，譚健龍和陳漢明在區院承認欺詐和洗黑錢共17罪。(資料圖片)

詐騙集團訛稱是大圍屋苑「名城」的業主，欲以920萬港元放售單位，其後指派一名男子，手持與真正業主同名的假身份證簽訂臨時買賣合約，並收取買家價值約292萬港元支票。此外，集團又找另一名男子將名字改成上述業主，並到銀行開戶口，讓集團將該筆款項存入銀行。2名男子早前承認欺詐和洗黑錢共17罪，其中41歲首被告譚健龍今(24日)在區域法院被判監48個月，36歲次被告陳漢明被判監42個月。

首被告曾任職運輸工，現為無業；次被告曾任健身教練，後因被指非禮而失去工作。法官判刑指，涉案人十分精心策劃下工和本案，他們

星島日報 35.5k 人追蹤 ☆ 追蹤

高智騙徒扮名城業主 用假證呃訂292萬

2016年5月17日



Case Example (2)



Genuine Property Owner (Mr. X)

6

Notifying the genuine owner and discovering the scam



Law Firm



Law Firm

2



1st Defendant
(changed to the same name as Mr. X and set up bank account)

Obtaining genuine owner's name, HKID number and a sample of his signature

3



2nd Defendant
(purported to be genuine property owner)

Signing of sales and purchase contracts
(sending fake HKID through phone)

5

Down payment cheque deposited into bank account

4



Genuine Buyer

HKD2.92M down payment

Case Example (3)

東網
21年11月1日 (一)
25°C
繁體
爆料
視頻
電子報·刊物
即時新聞
港澳
兩岸
國際
評論
產經
Money
經FUN
體波
馬經
NEA時代
東方日報網頁
搵樓18
東方融資
分類廣告
廣告價目
版權收費

10月31日(日) 17:05更新 10:55建立
推介 45 分享 Tweet 分享

8旬婦遭偷樓契按揭貸款600萬 警拘2無良騙徒

2021-10-28
Mortgage Name
Annual Interest Rate
Loan Amount
Management Frequency
Monthly Installments of HK\$
Monthly Interest Only
Monthly Principal and Interest
Interest Rate

45,000.00
45,000.00
5,045,000.00
4.75%

watch (interest only)
(只收利息)
(包括本金和利息)

0:16 / 2:54
畫質 - 自動
720p

阿婆都呢

1/4

Mid 2021 – Oct 2021

Deeds of title stolen from an old lady's home

2021-10-22

Suspects arranged mortgage with a law firm and a finance company

2021-10-28

Suspect arranged the mortgage to be deposited to a 26yo male's bank account and requested to cash out the full sum of it on the following day

Bank raised suspicion and reported to the Police

Summary

1. Role of legal sector

2. Importance of CDD / KYC

3. STR



Thank you